

COMMITTEE ON LEGISLATIVE RESEARCH
OVERSIGHT DIVISION

FISCAL NOTE

L.R. No.: 1246-05
Bill No.: HCS #2 for HB 631
Subject: Teachers; Education, Elementary and Secondary; Boards, Commissions,
Committees, Councils
Type: Original
Date: April 3, 2013

Bill Summary: This proposal modifies provisions relating to the employment and evaluation of teachers in public schools and charter schools.

FISCAL SUMMARY

ESTIMATED NET EFFECT ON GENERAL REVENUE FUND			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
General Revenue	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)
Total Estimated Net Effect on General Revenue Fund	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)	(Unknown - May exceed \$100,000)

ESTIMATED NET EFFECT ON OTHER STATE FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>Other</u> State Funds	\$0	\$0	\$0

Numbers within parentheses: () indicate costs or losses.
This fiscal note contains 6 pages.

ESTIMATED NET EFFECT ON FEDERAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on <u>All</u> Federal Funds	\$0	\$0	\$0

ESTIMATED NET EFFECT ON FULL TIME EQUIVALENT (FTE)			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Total Estimated Net Effect on FTE	0	0	0

☐ Estimated Total Net Effect on All funds expected to exceed \$100,000 savings or (cost).

☐ Estimated Net Effect on General Revenue Fund expected to exceed \$100,000 (cost).

ESTIMATED NET EFFECT ON LOCAL FUNDS			
FUND AFFECTED	FY 2014	FY 2015	FY 2016
Local Government	\$0	(Could exceed \$100,000)	\$0

FISCAL ANALYSIS

ASSUMPTION

Officials from the **Department of Elementary and Secondary Education (DESE)** assume there may be some costs to local school districts and charter schools to implement the provisions of this proposal. Costs will likely be significant.

§168.128.6 - Evaluation Systems

This proposal requires DESE to "monitor local evaluation systems...to ensure that evaluation outcomes are consistent in the aggregate with student achievement results at the district and school levels; and that the evaluation systems meet the requirements of this section and implement rules and regulations issued by the Department of Elementary and Secondary Education; and direct any appropriate corrective actions." This will result in unknown costs to the department in excess of \$100,000.

Officials from the **Special School District of St. Louis County (SSD)** assume proposed bill is expected to have a negative fiscal impact on the SSD due to changes in the statute dealing with probationary teachers. SSD anticipates that there will be more appeals by probationary teachers who are granted tenure which will result in more legal expense.

Oversight assumes legal expenses are speculative and will assign no fiscal impact for legal expenses.

In response to the introduced version of this proposal, officials from the **Kansas City Public School District (KCPSD)** do not see substantial unfunded mandates for KC Public Schools within the text of the proposed legislation. KCPSD currently evaluates staff and provides teachers and principals with professional training and improvement plans when they believe it is warranted. Some added costs may be required to educate staff on the details of the law if passed.

KCPSD assumes districts that do not currently provide training and improvement plans may incur substantial costs implementing this law if passed, in that they would have to develop systems and programs to facilitate the mandate.

Oversight assumes there could be implementation costs to school districts. Oversight assumes provisions of the proposal will not be in place until the 2014-2015 school year and will show implementation costs to the school districts in FY 2015.

ASSUMPTION (continued)

In response to an earlier version of this proposal, officials from the **University of Missouri System** (Charter School Sponsors) stated this proposal will have no fiscal impact on the University System.

Based on other legislation dealing with the promulgation of rules, according to officials from the **Office of Secretary of State (SOS)**, many bills considered by the General Assembly include provisions allowing or requiring agencies to submit rules and regulations to implement the act. The SOS's office is provided with core funding to handle a certain amount of normal activity resulting from each year's legislative session. The fiscal impact for this fiscal note to Secretary of State's office for Administrative Rules is less than \$2,500. SOS recognizes that this is a small amount and does not expect that additional funding would be required to meet these costs. However, SOS also recognizes that many such bills may be passed by the General Assembly in a given year and that collectively the costs may be in excess of what their office can sustain with their core budget. Therefore, SOS reserves the right to request funding for the cost of supporting administrative rules requirements should the need arise based on a review of the finally approved bills signed by the governor.

Oversight assumes the SOS could absorb the costs of printing and distributing regulations related to this proposal with core funding. If multiple bills pass which require the printing and distribution of regulations at substantial costs, the SOS could request funding through the appropriation process.

Officials from the **Joint Committee on Administrative Rules** assume this proposal is not anticipated to cause a fiscal impact beyond current appropriation.

<u>FISCAL IMPACT - State Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
GENERAL REVENUE			
<u>Costs</u> - Department of Elementary and Secondary Education - Administration expenses related to evaluation systems (\$168.128)	(Unknown - May exceed <u>\$100,000</u>)	(Unknown - May exceed <u>\$100,000</u>)	(Unknown - May exceed <u>\$100,000</u>)
ESTIMATED NET EFFECT ON GENERAL REVENUE	(Unknown - May exceed <u>\$100,000</u>)	(Unknown - May exceed <u>\$100,000</u>)	(Unknown - May exceed <u>\$100,000</u>)

<u>FISCAL IMPACT - Local Government</u>	FY 2014 (10 Mo.)	FY 2015	FY 2016
LOCAL POLITICAL SUBDIVISIONS			
<u>Costs</u> - Local School Districts -		(Could exceed	
Implementation of teacher employment and evaluation procedures	<u>\$0</u>	<u>\$100,000</u>)	<u>\$0</u>
ESTIMATED NET EFFECT ON LOCAL POLITICAL SUBDIVISIONS	<u>\$0</u>	(Could exceed <u>\$100,000</u>)	<u>\$0</u>

FISCAL IMPACT - Small Business

No direct fiscal impact to small businesses would be expected as a result of this proposal.

FISCAL DESCRIPTION

This proposal changes the laws regarding educator quality. In its main provisions, the substitute:

- (1) Changes the basis of tenure from five consecutive years of employment to at least four consecutive years with four consecutive ratings of effective or highly effective. A teacher will lose permanent status after a rating of ineffective or two consecutive ratings of minimally effective and will regain it with three consecutive ratings of effective, highly effective, or any combination of the two;
- (2) Defines "student growth" and "value-added model" as they relate to teacher evaluations;
- (3) Revises the "last-in, first-out" rule for placing teachers on leave of absence, so that decisions will be made primarily on the results of performance evaluations instead of length of service;
- (4) Changes the requirements for the evaluation of teachers and administrators by requiring each district and charter school to develop and implement no later than the 2014-2015 school year an evaluation system consistent with the requirements of the substitute, that uses multiple measures based on growth in student achievement, either of its own development or the model developed by the Department of Elementary and Secondary Education (DESE);
- (5) Requires DESE to promulgate rules to determine the teacher of record, standards for rating levels, and value-added model processes and requirements; and to be responsible for the development and implementation of a student growth model and a value-added model, providing technical assistance, developing a model evaluation system, and establishing a process to approve

FISCAL DESCRIPTION (continued)

assessments and monitor compliance;

(6) Revises the St. Louis Public School District's tenure laws to reflect the changes made to the main tenure law; and

(7) Repeals certain provisions that require school districts to develop their own teaching standards; the process for the remediation of the work of a probationary teacher who is deemed to be doing unsatisfactory work; and the evaluation standards for school administrators.

This legislation is not federally mandated, would not duplicate any other program and would not require additional capital improvements or rental space.

SOURCES OF INFORMATION

Department of Elementary and Secondary Education
Joint Committee on Administrative Rules
Office of Secretary of State
 Administrative Rules Division
School Districts
 Kansas City Public School District
 Special School District of St. Louis County
Charter School Sponsors
 University of Missouri System



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